

# Factors in the Housing Market

**F**LUCTUATIONS in housing demand have played an especially significant role in the course of economic activity over the postwar period. Outlays on residential construction reached a high last summer and have been tending downward since that time, although the basic cyclical forces were upward during this period. In the early upswing of 1958, the stimulus to housing activity

as to amplitude and timing. In some periods when residential construction was moving in one direction, factory and commercial building was moving in a counter direction.

A comparison of relative changes in residential construction activity and of economic activity as measured by real GNP is shown in table 1 for the postwar period. The swings have been somewhat greater for housing activity than for aggregate output. Although the cycles have differed, and the broad economic influences affecting the changes have altered substantially during the period, in each of the cycles residential construction reached a peak before that of total activity. In the 1948-49 recession, the difference was

not marked, but in each of the subsequent upswings, residential construction led the way with vigorous advances, reaching a peak within about a year, well below the cyclical highs in total activity. In each case, residential activity then declined appreciably while general business activity was still expanding.

In analyzing the current and prospective housing picture, three considerations are of special significance:

What are the changes implied in the demographic situation?

How do long-term income and other financial tendencies shape demands?

What are the more important short-term factors giving rise to deviations from trend?

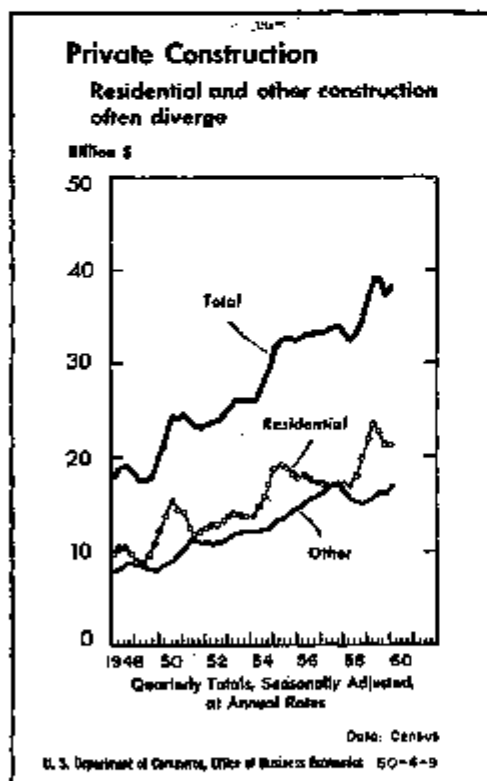
## Demographic Influences

**A** MAJOR development bearing on the housing market over the next several years is the prospective upturn in family formation resulting from the strong upswing in births which has taken place during the past two decades. This is currently bringing a rise in the number of young people in marriageable age brackets. The historical trend in births is shown in the upper panel of the accompanying chart. The sharp rise in birth rates during World War II continued through 1957, at which point the rate per 1,000 females 15-44 years of age reached 123, a rise of 15 percent from 1950. In the past 2 years the birth rate eased a bit but has remained some 50 percent higher than in 1940.

The immediate impact of a high birth rate is in the direction of augmenting the need for larger houses, but its trans-

lation into demand is limited by the dominating influence of income upon expenditures for housing. In the data which are now available the separate influence upon housing expenditures of differences in the size of family appears to be quite slight. Those with children are somewhat more likely to own a house than those without children, but the price paid for a house as well as current housing expenditure appear to be principally a function of income. Thus within each income group, those with a large number of children do not own more expensive homes than those with smaller families, nor do they spend more money on current housing outlays.

The influence of such a sharp increase in births as that which developed at about the beginning of World War II



afforded by improvement in financing—reflected both in the general money markets and in specific Federally supported programs—was a strengthening factor in the economy.

In a more general setting, it is of interest to note that total construction activity—including public as well as private—has reflected diverse movements among major components both

becomes important as these birth classes approach the ages at which they marry and establish households. Over 80 percent of women marry before they reach their twenty-fifth birthday. In view of this fact, it is significant to observe the pattern of change in the 20 to 24 year age classes over the next two decades, since these groups are dominant in new family formation. In the past 10 years the number of net new marriages ranged not far from the average number of women entering the 20-24 year age classes, although individual years showed appreciable variation.

Recently we have passed the low point in the annual class size of the 20 to 24 year olds, reflecting the pickup in births after the depressed thirties. The number in this group will rise 50 percent by 1970, and will continue strongly upward in the following decade on the basis of children already born. By 1980 the 20-24 year group will be more than double the number at the low point in the past few years. This rapid expansion in young marriageable persons will be reflected in a comparable rise in married couple households. On the basis of these trends, the Census Bureau has projected the rise in such households to be between 800,000 and 1,000,000 annually two decades hence as compared with less than 500,000 annually since 1950.

A significant feature of household growth in the past decade has been the substantial rise in households other than married couples, especially those headed by women. This has reflected both increasing numbers surviving in each of the middle and upper age brackets, and a strong tendency toward maintaining separate households rather than a consolidation of households with the younger generation. Since 1950, such households, although constituting only about one-fifth of the total, have increased about 400,000 annually—nearly half of the rise in all households. They are projected to increase at roughly the same rate or somewhat less rapidly in the future. Accordingly, the annual rise in total households has been projected to reach a rate which exceeds the average of the past several years by as much as 50 percent.

Since 1955, the annual rise in households has been around 900,000 units compared with 850,000 units annually in the immediately preceding 5 years. These estimates have been somewhat above expectations derived from the appropriate age distribution data, primarily because of continuing high increase in households other than husband-wife.

In recent years changes in dwelling units due to net conversions to dwellings and mergers of existing units have about offset each other. The net loss including such factors as demolition, abandonment, fire, storm, and flood is estimated to be somewhat above 250,000 units annually.

The projected increase in households and the losses in existing residential units would require something on the order of 1½ million housing units annually in the 1960's, and this would

rise to something above 1½ million units in the following decade. Note that this is a calculated gross physical requirement. It does not take into account the influence of basic economic forces and of such other factors as population shifts, seasonal housing requirements, and changes in vacancy rates.

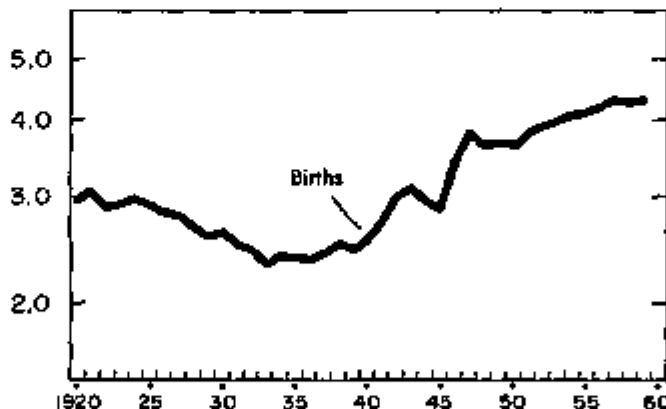
Approximately 4 out of 5 newly married couples set up a household within a year after marriage, but the decision to purchase a home is typically delayed a number of years. Some idea of the extent of this delay may be obtained from a comparison of age of marriage and of home-ownership for nonfarm families, as shown in the chart on page 19.

Whereas only about one-sixth of nonfarm family heads under age 25 own their own home, ownership rises to over two-fifths of those in the 25 to

## DEMOGRAPHIC FACTORS

### Relating to housing demand

Millions (ratio scale)

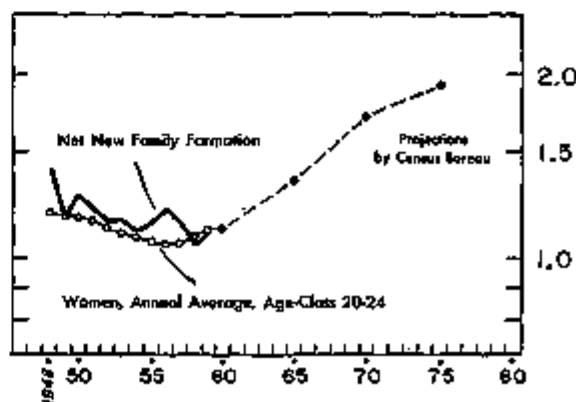


Increase in births  
since the thirties . . .

Will result in increase in young  
women of marriageable age . . .

This suggests future rise  
in family formation

Millions (ratio scale)



Date: Census Bureau S NEW

**Table 1.—Total GNP and Residential Private Nonfarm Construction**  
(Billions of 1954 dollars)

Year	GNP	Residential nonfarm construction	Residential construction as a percent of GNP
1945	282.5	7.2	2.5
1947	282.2	9.6	3.4
1948	293.1	11.4	3.9
1949	292.7	11.2	3.8
1951	318.1	15.5	4.9
1952	341.8	12.9	3.8
1953	353.5	12.6	3.6
1954	369.0	13.6	3.7
1955	388.1	15.4	4.0
1956	392.7	16.2	4.1
1957	400.9	16.2	4.0
1958	408.3	14.4	3.5
1959	390.0	16.2	4.1
1960	426.0	19.4	4.6

Sources: U.S. Department of Commerce, Office of Business Economics and Bureau of the Census.

34 year age group, and to nearly two-thirds of those in the 35 to 44 year age group. There was little further rise in the proportion owning homes for older heads of households up to age 65, and some decline thereafter. Thus the change in housing status from renter to owner occurs principally in the age period 25 through 44. Purchases of

houses, including purchases by those already owning homes, decline after age 45 for the household head at a time well before income typically turns downward with advancing age, and is sharply lower after age 65.

This concentration of the housing market in the 25-44 year age group is distinctly different from the market for most consumer goods. For example, the market for automobiles does not show such age concentration, and it is considerably less for other consumer durables than for houses.

More specifically, the rising trend of family formation in the period ahead together with the delayed ownership of homes suggest that in the near-term new demand will be concentrated more for rental units and with a considerable lag for single-family houses. This pattern may be tempered by new stimuli favoring home ownership. As indicated later, there were special features in the postwar trend shown in table 2 which fostered home ownership.

proportion of houses with basements, garages, and more than one bathroom.

A cross-section analysis reveals more directly the variation in purchase price associated with differences in income. This is shown in the chart on page 20 for the years 1958 and 1959.

An important aspect of the relationship between income and the purchase

**Table 2.—Nonfarm Families Owning Homes, by Age Group**

Age of head of family	Percentage owning homes		
	1949	1954	1959
15-24	21	17	16
25-34	35	43	42
35-44	53	57	53
45-54	59	62	64
55-64	62	66	69
65 and over	69	68	66

Source: Board of Governors of the Federal Reserve System.

price of houses is that the ratio of purchase price to income tends to decline with a rise in income. (See table 5.) Thus, for the 1959 data, purchasers with incomes around \$4,000 paid more than 2½ times their annual incomes for houses acquired. The ratio declined to about 2 in the vicinity of the mean income of buyers at around \$7,000, and reached 1½ for those with annual incomes of around \$12,000.

For the postwar period the annual FHA new house data show two general characteristics of interest in this connection. The first is that over the years the purchase price increased substantially for any given income group. This reflects not only rising costs but also "more house" bought as indicated earlier, and a liberalization of credit terms. For the period shown in the chart, the average price paid by purchasers in a given income group increased about one-fifth. This rise was more marked in the early period than in recent years.

Also reflected in the data are the general upward shift of families on the income scale which is noted elsewhere in this issue, and the fall in buying power of a given income.

#### Liquid assets

Although income is a major consideration determining the decisions of most housing purchasers, the volume of accessible accumulated assets is important in shaping the timing pattern of

## Income Effects on Housing Demand

**ALTHOUGH** long-term housing demands reflect demographic influences to a considerable degree, income effects upon housing demand are also of basic importance. The influence of income affects (1) the distribution between ownership and renting, and (2) the quality or amount of housing bought as indicated by the purchase price.

#### Income and home ownership

According to the Federal Reserve Board survey in early 1959 about two-fifths of all nonfarm family units in the lower income groups (up to \$4,000 income) were home owners. The proportion of home owners rose to half of the total for the \$4,000 to \$5,000 income group, and exceeded half in all the higher income groups.

#### Purchase price and income

The influence of income on home purchasing may also be viewed in relation to purchase price. As incomes rise,

people tend to pay higher prices for their homes. Two aspects of this relationship are illustrated by summary data from FHA single-family home transactions. The first is the relationship of average value of house purchased to the corresponding average income of buyers. (Table 3.) Between 1946 and 1959, the median value of new 1-family houses insured by FHA more than doubled, rising from \$6,600 to \$14,300. During the same period the median income of the buyers of these houses made a comparable advance. Accordingly, the ratio of the average value of house to the annual average income of buyers remained quite stable at a little above 2 to 1. As indicated in the second column, during this period there was a substantial increase in the average size of house, from around 900 sq. ft. in the early part of the period to 1,100 sq. ft. in recent years. Other indications of "quality" improvement are the larger

buying. In the early postwar period, the housing market, like markets generally, was buoyed by heavy accumulations of liquid resources set aside during the war period for use once supplies became more freely available. Possibly of greater significance in subsequent years were the equities built into the real estate structure by the almost steady rise in housing prices and the consequent capital gains accruing to the early buyers. These gains made for a fluid market by making available a stream of cash resources which enabled existing home owners to move into higher priced housing. This tendency was fortified by some liberalization in downpayment requirements as the years went by, and by sustained and improved current saving in the form of liquid assets as incomes moved upward.

Liquid asset ownership continued widely distributed throughout the postwar period. Although individuals with sizable wartime accumulations drew down their holdings to meet their pent-

up needs, there was no pronounced shift in ownership among the broad groups as others within the particular groups were enabled by the upsurge in incomes to add to their ownership.

The only specific information available on liquid asset position of home buyers is from VA data. In a special survey in 1955 those who purchased new homes with no downpayment had liquid assets amounting to about 10 percent of the purchase price, and those who made downpayments also had about 10 percent of the purchase price left over after making the downpayment. In 1957 and the first half of 1958 new home buyers with VA-insured mortgages made downpayments averaging about \$1,000, or 7 percent, and they had average liquid assets of about \$2,000, or 15 percent, at the time of purchase. After mid-1958, VA downpayments declined, reaching an average of around \$500 in 1959, and average liquid asset holdings showed a small decline.

### Downpayments lower

The importance of accumulated cashable resources lies primarily in their aid in meeting downpayment requirements. Downpayment requirements on new houses have had three separate

Table 3.—Characteristics of 1-Family New Homes Transactions, Insured by FHA

Year	FHA estimated median value of property	Calculated area of structure (sq. ft.)	Mortgage's annual effective income	Value-income ratio
1946.....	\$9,438	n.d.	\$3,313	2.9
1948.....	8,721	913	4,000	2.2
1950.....	8,285	888	3,801	2.2
1952.....	10,022	923	4,811	2.1
1954.....	10,878	961	5,136	2.1
1956.....	11,742	1,022	5,484	2.1
1958.....	13,203	1,094	6,054	2.2
1959.....	14,251	1,106	6,832	2.1
1960.....	14,207	1,092	6,809	2.1
1961.....	14,329	1,095	6,912	2.1

Source: Federal Housing Administration.

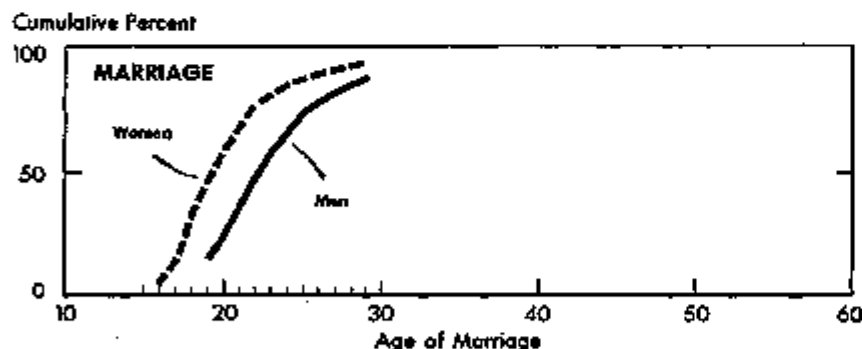
types of movements. The first is a distinct cyclical pattern—easing in the three recessions and remaining relatively low for about a year before tightening up again. The second is a general tendency toward lower downpayment requirements. Thus each of the three principal types of financing has had lower downpayments in the past year than in the corresponding period (1955) of the last housing cycle. The third movement is an offset to the previous one—a substantial shift from VA to conventional financing.

There has also been substantial easing of FHA terms over the postwar period. During the earlier years, the typical standard was 20 percent down; in 1959, the more common requirement was less than 10 percent. Since incomes have more or less kept pace with housing prices, the real cash balances needed for purchase have been substantially lowered.

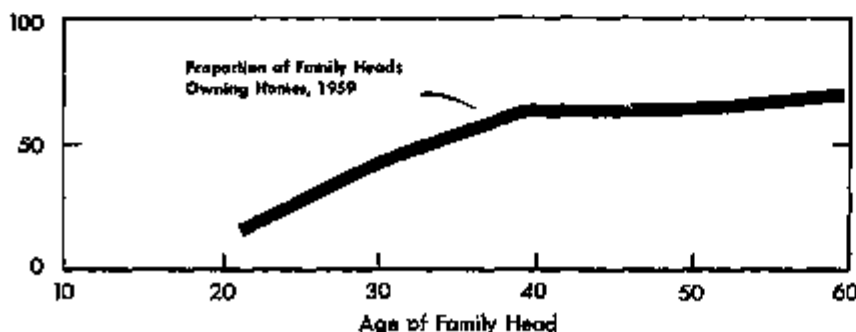
Conventional financing has historically required the most cash down in proportion to selling price—at least with respect to first mortgage financing. It may be noted in this connection, however, that of the three types of financing—VA, FHA, and conventional—only the last typically permits the use of second mortgages. The latter financing often reduced initial cash requirements to a position competitive with FHA mortgages—at the expense,

## Age Distribution of Marriages and Home Ownership

Most marriages occur in the early 20's . . .



but home purchases are typically delayed



Data: Census Bureau & FHA

of course, of somewhat higher monthly payments due to the typically short-dated maturities on the second mortgages. It may be noted, moreover, that there has been a downward tendency in cash requirements even for first mortgage conventional financing over the postwar period.

### Maturities lengthened

The lowering of downpayments, by increasing average loan size, tended to increase monthly installments on debt. The latter aspect, in and of itself, only partially offsets the stimulating impact of lower cash requirements. But more significantly, monthly payments were kept down by a concomitant stretching of maturities. All three methods of financing shared in this development. From the beginning of the postwar period, VA financing was typically most lenient in this respect and conventional financing least liberal but, more important, as the postwar years unfolded, all forms of financing saw greater proportions of users moving to the more extended edge of the permitted ranges.

Of the three major factors affecting monthly installment payments—initial cash requirements, length of loan, and interest charged—only the last factor has persistently operated to raise installments, and this has been the case for all types of financing as interest costs moved upward in the generally

buoyant postwar markets, with but temporary interruptions during recessionary periods. The rise in interest rates was from an exceptionally low base under the controlled conditions prevailing in the war and early postwar period. Currently mortgage interest rates are more in line with those prevailing in the prosperous years of the twenties—the latest previous period of high housing demand.

In view of the current relatively high interest rates and long maturities, it is of interest to note the differential impact of further changes in these aspects of financing as compared with changes from the lower bases prevailing earlier in the postwar period.

As illustrated in the chart, the effect on monthly payments of lengthening the amortization schedule declines substantially as the period of the loan is increased. Repayment installments for a 6 percent loan drop by one-tenth as the loan is lengthened from 20 to 25 years, but a similar 5-year lengthening from a 30 year maturity cuts down the monthly installment paid by only 5 percent.

## Short-Run Factors

ALTHOUGH the basic influences in housing demand are tied to income, demographic considerations, and long-term shifts in financing terms, during the postwar period the relative availability of mortgage funds and special programs of the Government were also of considerable importance.

The specific timing of buying, and especially the cyclical shifts which have characterized housing demand in the past decade and a half appear to be influenced mainly by these latter factors. With both demographic and income factors generally favorable, the three postwar housing cycles have had their rapid expansionary phases in 1949-50, 1954-55, and 1958-59 in periods coinciding with the initial phases of the business recovery. In each instance, funds were readily available on relatively more favorable terms for mortgage financing, with the Government

Table 4.—Total Cost and Mortgagor's Income, FHA Insured 1-Family New Homes

Total acquisition cost	1953			1959		
	Average acquisition cost	Mortgagor's average annual income	Ratio of cost to income	Average acquisition cost	Mortgagor's average annual income	Ratio of cost to income
\$8,000 to \$9,999	\$8,880	\$4,667	1.9	\$8,880	\$4,916	1.8
10,000 to 10,999	9,473	4,979	1.9	9,473	5,280	1.8
11,000 to 11,999	10,187	5,148	2.0	10,187	5,625	1.9
12,000 to 12,999	11,000	5,314	2.1	11,000	5,970	1.9
13,000 to 13,999	12,408	5,641	2.2	12,408	6,361	2.0
14,000 to 14,999	13,425	6,059	2.2	13,425	6,712	2.0
15,000 to 15,999	14,452	6,487	2.2	14,452	7,130	2.0
16,000 to 16,999	15,420	7,130	2.2	15,420	7,528	2.1
17,000 to 17,999	16,788	7,796	2.2	16,788	8,027	2.1
18,000 to 18,999	17,788	8,480	2.1	17,788	8,471	2.1
19,000 to 19,999	18,880	8,880	2.1	18,880	8,880	2.1

Source: Federal Housing Administration.

A second effect, which is not so clearly seen in the chart, is that given differences in interest rates have increasing influence upon monthly repayment costs as the period of the loan is lengthened. Whereas there is an 8 percent difference in monthly repayments between a 5 percent loan and a 6 percent loan, maturing in 20 years, the difference mounts to 12 percent for a loan maturing in 30 years.

### Purchase Price of New House

Rises with income but less than proportionally

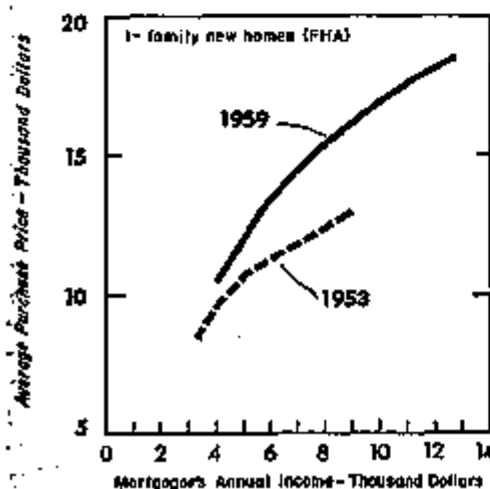


Table 5.—Mortgagor's Income and Purchase Price FHA-Insured 1-Family New Homes, 1959

Mortgagor's effective monthly income	Mortgagor's average annual income	Percentage distribution	Average purchase price	Ratio of purchase price to mortgagor's income
\$200 to \$249	\$4,948	2.2	\$10,461	2.8
\$250 to \$299	4,403	2.6	11,289	2.6
\$300 to \$349	5,083	11.1	12,181	2.4
\$350 to \$399	5,653	11.6	13,032	2.3
\$400 to \$449	6,225	15.9	14,749	2.3
\$450 to \$499	6,880	19.3	14,536	2.1
\$500 to \$549	7,425	19.0	14,677	2.0
\$550 to \$599	8,064	8.4	15,444	1.9
\$600 to \$649	8,632	6.4	16,427	1.9
\$650 to \$699	9,228	4.5	16,820	1.7
\$700 to \$749	9,839	2.7	17,206	1.6
\$750 to \$799	10,445	2.3	17,400	1.6
\$800 to \$849	11,277	2.3	18,491	1.5
\$1,000 to \$1,199	12,717	2.3		

Source: Federal Housing Administration.

markets. Government-assisted financing with relatively inflexible interest rates declined sharply, while conventional financing was affected to a lesser extent.

#### The postwar swings

The effect of government-assisted programs and availability of money may be illustrated by three postwar cyclical movements of residential activity. The number of new private non-farm housing units under construction reached a peak in 1950, culminating the early postwar upsurge in demands induced from depression- and war-created shortages; these demands were being made effective by high incomes, greatly improved liquidity, and favorable financing arrangements. During this period, there was a temporary lull in building of houses in 1948-49 but this was quickly overcome with the aid of the first stage of liberalization of credit terms and rapidly expanded use of VA-guaranteed loans, the most favorable type of mortgage financing available.

During the Korean War period, controls on terms of financing were reimposed, and building materials were in restricted supply. Thus, housing activity fell off until the end of 1951. Some recovery set in during the 1952-53 period until once more tightening credit conditions resulted in a moderate drop beginning late in 1953.

With mortgage financing becoming more readily available during the generally easy money conditions at that time, the second major upsurge of residential construction began early in 1954

and carried to a peak in mid-1955. Shaping the course of this rise was a further liberalization of credit terms by the Federal Government and direct support for the mortgage market generally.

The general tightening of money markets in 1956 and the first half of 1957 was accompanied by reduced availability of the more liberal FHA-VA types of financing, and some reduction in the volume of residential construction.

The third postwar upsurge in building once more began under conditions of relatively easy money in early 1958 and a year later, housing starts again approached the 1950 high. This rapid advance was assisted by Government action. The Housing Act of 1958 provided additional funds for FNMA to buy FHA and VA mortgages at par for lower priced homes and liberalized repayment terms. There followed a sustained rise in FHA and VA applications beginning in the spring of 1958—most notably for FHA units. These applications remained for about a year at higher rates than in the immediately preceding 2-year period, although the VA rate was considerably reduced from earlier highs. Meanwhile business demand for outside financing was relatively low, and a large proportion of saving flowed into mortgage recordings through institutional lenders.

In the latter part of 1958 and throughout 1959 long-term interest rates advanced. Discounts on FHA 5% percent mortgages which had almost disappeared in mid-1958, began to increase in late 1958 and remained large in the first three quarters of 1959.

Table 6.—FHA-VA Activity, New Homes

(Thousands of dwelling units)

Year	Applications or requests for approvals	Starts	Guaranteed or insured
1950	622	487	587
1951	423	412	507
1952	510	421	359
1953	579	400	364
1954	919	553	592
1955	928	570	528
1956	829	480	430
1957	428	287	237
1958	698	307	293
1959	675	440	386

Note.—FHA data include multi-family projects.

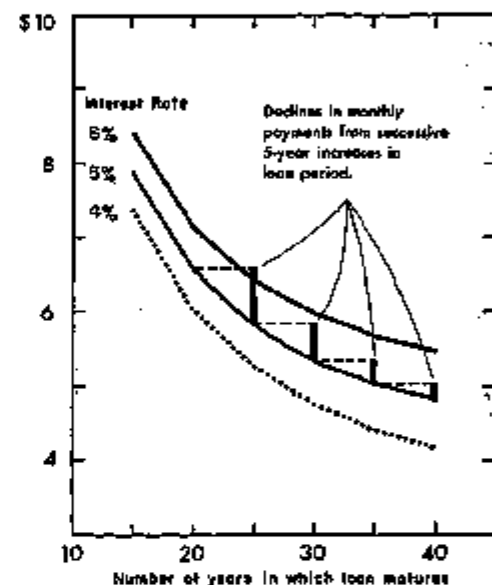
1. FHA only.

Source: Federal Housing Administration and Veterans Administration.

The FHA maximum rate was raised to 5% percent in September 1959. As the large backlog of commitments accumulated in 1958 was worked off during 1959, most phases of FHA and VA activity began to decline, and total housing activity eased in the second half of the year. This lowered rate of

#### Successive increases in amortization period have a reduced effect on monthly mortgage payments

Total Monthly Payment per \$1,000



U. S. Department of Commerce, Office of Business Economics

60-4-15

activity continued into the opening months of this year.

One of the significant aspects of the 1958-59 expansion in housing is the lesser role played by the combined FHA-VA programs than in the earlier booms in 1950 and 1955. (See table 6.) Most of the difference was in the more limited recent activity under VA programs. In 1959 FHA activity exceeded 1955 but remained below the 1950 high.

#### The sum-up

A sum-up of the housing market prospect must lean heavily on the following considerations.

(1) Demographic facts point to a sustained expansion of new family formation. The physical requirements involved would suggest a rising demand for housing in the near-term, concen-



trated in rental quarters in the more immediate future and perhaps—depending on income factors—on owner-occupied facilities as time moves on.

(2) Income will, as in the past, be a major determinant of the degree to which physical needs are satisfied. If economic growth is generally well sustained, there is reason to believe that demand for housing should also be in a long-term rising phase. Needless to say, a rise would not necessarily hold for individual years or even groups of years depending on the impact of other factors and prior rates of expansion.

(3) Liberalization of financing terms was an especially potent force in sustaining postwar housing markets. Terms of financing are relatively easy at the present time. In view of the current liberal terms, the stimulus from this factor will most likely be less over the long-term.

On net balance, the prospect seems to be for good housing markets as long as the basic growth potential in markets generally can be sustained.

### Capital Markets

(Continued from page 7)

income tax receipts, and by the same token money market pressures are accentuated in the last six months of the year by seasonally low Federal revenues. However, the overall im-

provement in the budgetary picture stemming from the recovery of business is imparting a special influence in the current picture. In the first three months of this year, Federal net cash deposits exceeded withdrawals by \$4 billion; this compares with a balance in these accounts in the first quarter of 1959. Whereas in that earlier period, the public marketable debt increased by somewhat less than \$1 billion, over the first three months of this year, the Treasury was enabled to reduce these obligations by nearly \$3 billion.

With the improvement in bond prices the Federal Government sold a long term issue in April carrying a rate of 4½ percent, and a 25-year maturity. Over the greater part of last year, market conditions precluded such a long-term offering and new Federal financing was therefore concentrated in the shorter-term (less than 5-year) maturities. Sales of the new long-term issue fell short of the announced Treasury goal.

State and local governments have been in the market for borrowed funds almost continuously over the postwar period, as tax revenues fell short of the steadily rising volume of outlays. This tendency is once more carrying over into the current period, although new issues so far this year have fallen moderately

below the volume of borrowing in the comparable period a year ago. This is due in part to improved revenues, but may also be ascribed to somewhat lower construction expenditures which typically involve use of borrowed funds.

### Interest rates lower

The recent easing of capital market pressures was most striking in the area of Federal financing, and more particularly for short-term funds. From a peak of 4.7 percent at the start of this year, the 3-month Treasury bill rate declined to 2.7 percent in early April, at which point, it was off slightly from a year ago. The drop in costs for the intermediate range maturities was also pronounced. At the longer end of the range, the rise in U.S. bond prices brought down the average yield from 4.4 percent around the turn of the year to 4.1 percent in early April.

Stock prices, on the other hand, have undergone little net change in the past month or so following the sizable mark-down which featured the early part of the year. Most of the composite averages remained below the year-earlier levels, but well above previous highs. Utility stocks are a notable exception with recent prices remaining close to their postwar high and in fact running counter to the general lower values elsewhere.

## New or Revised STATISTICAL SERIES

Unemployment as Percent of Civilian Labor Force, 1947-59: Revised Data for Page S-11<sup>1</sup>

Month	Unadjusted for seasonal variation													Adjusted for seasonal variation <sup>2</sup>												
	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
January.....	4.4	4.0	5.1	7.7	4.1	3.7	3.5	5.7	5.9	4.7	4.8	6.7	7.0	3.8	3.6	4.4	6.6	3.7	3.1	2.9	4.8	4.9	4.0	6.2	5.8	6.8
February.....	4.5	4.3	5.8	7.6	4.3	3.8	3.2	6.3	5.7	4.9	4.7	7.7	7.0	3.6	3.8	4.7	6.4	3.5	3.2	2.6	5.3	4.8	4.0	6.0	6.6	6.9
March.....	4.4	4.3	5.6	7.0	3.8	3.3	2.9	6.4	5.2	4.7	4.3	7.7	6.4	3.8	4.0	5.0	6.2	3.4	3.0	2.6	5.6	4.6	4.2	5.8	6.8	6.7
April.....	4.6	4.0	5.4	6.0	3.2	3.0	2.8	6.0	4.9	4.1	4.0	7.6	5.3	4.6	4.0	5.4	6.0	3.2	3.0	2.7	5.8	4.7	4.0	5.9	7.2	5.1
May.....	3.6	3.4	5.8	5.5	2.9	2.9	2.5	5.7	4.2	4.2	4.0	7.1	4.9	3.9	3.6	6.2	5.7	3.1	3.1	2.6	4.9	4.3	4.3	4.9	7.2	4.9
June.....	4.6	4.1	6.5	6.8	3.8	3.4	2.8	5.8	4.6	4.9	4.8	7.7	5.6	4.3	3.9	6.0	5.3	3.3	3.1	2.7	5.5	4.3	4.5	4.4	7.0	6.1
July.....	4.6	4.0	7.0	5.4	3.4	3.4	2.7	5.9	4.1	4.3	4.3	7.5	5.2	4.2	3.7	6.5	5.0	3.2	3.8	2.7	5.7	4.1	4.4	4.2	7.3	5.1
August.....	3.9	3.9	6.3	4.1	2.9	3.1	2.4	5.4	3.9	3.7	3.6	6.7	4.6	4.2	3.9	6.8	4.5	3.2	3.4	2.6	5.0	4.3	4.1	4.2	7.5	5.4
September.....	3.5	3.4	6.6	4.0	3.0	2.6	2.0	5.3	3.6	3.4	3.7	6.0	4.0	4.0	3.6	6.5	4.5	3.4	3.1	2.9	5.2	4.3	4.0	4.6	7.2	5.5
October.....	3.0	2.9	6.1	3.8	2.8	2.4	2.5	4.6	3.4	3.1	3.7	5.8	4.1	3.7	3.7	7.8	4.2	3.6	3.0	3.1	5.0	4.5	4.0	4.7	7.1	6.0
November.....	3.0	3.4	6.5	3.5	3.2	2.6	2.6	4.9	3.9	3.9	4.7	5.6	4.3	3.3	3.6	6.5	4.2	3.0	3.0	3.0	5.4	4.3	4.3	4.7	6.2	5.9
December.....	3.1	3.6	6.0	3.9	2.9	2.6	4.3	4.8	4.0	4.1	5.0	5.0	5.3	3.4	4.0	6.6	4.9	3.1	2.7	4.3	5.0	4.3	4.3	4.7	6.4	5.6
Mo. avg.....	3.9	3.8	5.9	5.3	3.3	3.1	2.9	5.6	4.4	4.2	4.3	6.8	5.6													

1. The rates for 1947-59 are based on estimates adjusted to the new definitions of unemployment. Effective January 1957, persons on layoff with definite instructions to return to work within 30 days of layoff and persons waiting to start new wage and salary jobs within the following 30 days are classified as unemployed. Such persons had previously been classified as employed (with a job but not at work). Also, the small number of persons in school during the survey week and waiting to start new jobs are classified as not in the labor force instead of employed as formerly. For more detailed information, see *Monthly Report On The Labor Force: February 1957*, pp. 68. (Current Population Reports—Series P-47, No. 178, U.S. Department of Commerce, Bureau of the Census.)

2. The seasonally adjusted rates reflect new seasonal adjustment factors introduced in the March 1960 issue of the *Monthly Report On The Labor Force*.

3. Rate exaggerated by misclassification of certain workers.

Source: U.S. Department of Labor, Bureau of Labor Statistics.